GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2109
ANSWERED ON:30.11.2007
RULES FOR FOREIGN INSTITUTIONAL INVESTORS
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Will the Minister of FINANCE be pleased to state:

(a) whether the crisis in financial market in US has adversely affected financial markets in India;

(b) if so. the details thereof;

(c) whether the Government is contemplating to take suiable measures in this regard;and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) and (b): Recent developments in the international financial market have not had any significant impact on the Indian financial markets. Conditions in the money and the Government securities markets remained orderly. Tie credit market also continued to function normally. There was some decline in net FL investments in the equity markets. However, this decline was lower than that in several advanced and other emerging markets. The equity markets have since recovered on the back of support by FIIs after mid-August, 2007.

(c) and (d): It is the endeavour of the authorities to maintain orderly conditions in the financial markets. There are processes and tools in place to deal with developments and to address any systemic concerns, including payment and settlement issues. Reserve Bank of India has put in place a mechanism to closely monitoi the current volatility in the global financial markets and its impact on Indian financial market. Its current focus is on appropriate response if and when necessary to evolving developments in the various segments of the financial market.